CNO
Guidance for 2004

Accelerating Our Advantages

> **This past year demonstrated the value of naval forces projecting decisive, joint power across the globe.**
> **Our Task: continue to accelerate the advantages the U.S. Navy brings this nation.**

This past year was marked by extraordinary accomplishments. It was also a year in which we learned more about who we are and where we're headed. Our Navy's performance in Operations ENDURING FREEDOM (OEF) and IRAQI FREEDOM (OIF) demonstrated more than just combat excellence. It proved the *value* of readiness. It highlighted our ability to exploit the vast maneuver space provided by the sea. It demonstrated the importance of the latest technology in surveillance and attack. Most importantly, it reaffirmed the single greatest advantage we hold over every potential adversary: the genius of our people contributing their utmost to mission accomplishment.

Readiness, advanced technology, the maritime domain, and the genius of our people - these are our asymmetric advantages. We are in a position to continue to build upon and recapitalize these strengths, to innovate and experiment, and to push the envelope of operational art and technological progress. After all, winning organizations never rest – they are always on the move! It is our job as leaders to continuously seek improvements and **accelerate our advantages** over the coming year. Our ability to project persistent, sovereign combat power to the far corners of the earth now and in the future depends on it.

I. Taking a Fix

Last year, I asked each of you to tackle our Top Five priorities in new ways to "Be Ready;" to protect our nation, bases, ships and Sailors; to achieve the efficiencies needed to buy more ships and aircraft; to accelerate Sea Power 21 capabilities; and to streamline and align the manpower and skills mix. The performance of our Navy was most impressive; success was attained in every one of these areas.

> ### 2003 Accomplishments
>
> - *Combat excellence in OEF and OIF*
> - *Improved surge capability*
> - *Record recruiting and retention*
> - *Aligned to Sea Power 21*
> - *Harvested savings for recapitalization*
> - *Built more ships and aircraft*

Manpower. We are winning the battle for people. Last year we built on our mentoring culture, emphasized our commitment to diversity, and piloted elements of the *Sea Warrior* structure needed to capitalize on the revolution in training and detailing. The momentum is fantastic. Higher quality recruits, historic retention rates, innovative incentive pay pilots, reduced attrition, competitive reenlistments and detailing, and outstanding deckplate leadership continue to make this the highest quality workforce the Navy has ever seen.

- *Retention has never been better*. For the third straight year we experienced the highest retention in our history. You exceeded retention goals for Zone A by 2.9% (60.8%), Zone B by 2.3% (76.5%), and Zone C by 0.2% (87.4%). Our detailers have cut enlisted gaps at-sea from more than 4,000 in FY02 to less than 1,000 today.

- *Recruiters raised the bar on recruiting*, making goal for the 28th straight month and attracting ever-higher caliber recruits. In FY03,
    - 94.3% of new recruits had high school diplomas, up from 90% in FY01.
    - 3,200 enlisted recruits (7.8%) had at least 12 semester hours of college, increasing that number by a third over FY02.
    - Minority officer applications increased by 27% and minority Seaman to Admiral-21 applications increased by 15%.

- *Leaders reduced attrition* another 10% from FY02 levels, 33% from FY00 levels overall. Losses due to illegal drug use are also down; while we increased drug testing by 4%, our overall percentage of positive samples decreased by 21% over FY02.

- *We began changing the shape of the force*, developing a more educated and experienced group of professionals to lead and manage our high-tech Navy. The percentage of E-4s through E-9s (Top 6) grew to 72.5%, moving almost halfway toward our goal of 75.5% by FY07.   Sailors in many ratings have been given new opportunity to compete and grow in our institution through adjusted NEC-targeted Sailor Reenlistment Bonuses and Perform To Serve.

- *We piloted choice in assignments* with a new geographic incentive pay pilot program. Sailors are now able to compete for select jobs in duty stations across the globe.

- *We adopted new manning practices* learned from the deckplates. The fleet is implementing optimal manning practices learned from BOXER (LHD 4), MILIUS (DDG 69) and MOBILE BAY (CG 53) and changing Ship Manning Documents in their respective ship classes. We are now reviewing the manning of submarine and air forces to apply similar best practices. We extended our *Sea Swap* initiative to four DD crews and three DDG crews, saving millions in transit fuel costs and increasing our forward presence without lengthening deployment times for our Sailors.

Current Readiness.   The Fleet produced the best readiness levels I've seen in my career and demonstrated its ability to respond with overwhelming force. The combined power of our

forward presence forces and our ability to surge kept enemies on the run. Over the past year, we invested billions of dollars in training, maintenance, spare parts, ordnance, flying hours and steaming days, and it resulted in the combat ready response of more than half the Navy to operations worldwide.

- *Surged combat excellence to OIF and OEF*, seven aircraft carriers and nine big deck amphibious ships were among the 164 U.S. Navy ships to deploy worldwide. The Military Sealift Command sailed and chartered more than 210 ships and moved 94% of the nation's joint and combined capability to the fight. We also deployed three Fleet Hospitals, a Hospital Ship, 22 P-3 aircraft, and 25 NCW detachments.

- *Developed the Fleet Response Plan (FRP)* to better support the National Security Strategy with persistent naval capabilities that are both rotational and surgeable.

- *Expanded our littoral warfare capabilities* by realigning our Naval Coastal Warfare forces, establishing Mobile Security Force detachments, adding an Explosive Ordnance Disposal unit to NAVCENT and accelerating the planning for two new SEAL teams.

- *Enhanced our strike capability* with the deployment of Expeditionary Strike Group (ESG) ONE to the Western Pacific and Persian Gulf, and we continue the piloting of ESG command structure with the stand-up of ESG THREE under a USMC general.

- *Improved organizational, intermediate and depot maintenance for our ships, submarines and aircraft.* Innovative programs like SHIPMAIN and the Naval Aviation Readiness Integrated Improvement Program (NAVRIIP) helped develop and share best practices, streamline maintenance planning and improved performance goals in shipyards, depots and IMAs.

- *Initiated the Integrated Readiness Capability Assessment (IRCA)* process at OPNAV headquarters to improve the visibility, analysis and articulation of the range of readiness requirements and teach us how to understand and deal with risk.

- *Aligned our Homeland Security organization and improved our force protection procedures*. We established COMUSNAVNORTH, activated the Atlantic and Pacific Shipping Control Centers, and created the Naval Air Station North Island AT/FP Test Bed under the Commander, Navy Region Southwest to exploit technology and move new AT/FP capabilities into the Navy. We also increased the MAA community to 7,164 personnel and committed $1.7B in AT/FP funding across the budget plan (FYDP).

Future Readiness. OEF and OIF demonstrated clearly the enhanced power, protection and freedom afforded by our Sea Power 21 vision. These were the most joint operations in our history and they provided the best possible opportunity to dissect, study and analyze some of the limiting factors and effects of how we fight. While we must continue to challenge the assumptions, our lessons learned to date indicate that the capabilities-based investment strategies, new warfighting concepts and enabling technologies we are pursuing in our Sea Power 21 vision are on the right vector.

- *Sea Strike* introduced capabilities that extended our reach and precision, providing joint force commanders with a potent mix of weapons. The second and third F/A-18E/F Super Hornet squadrons deployed this year and provided greatly enhanced range, payload, and refueling capability to forces in OIF. The Shared Reconnaissance Pod (SHARP), the Advanced Targeting Forward-Looking Infrared (AT-FLIR), the Joint Helmet Mounted Cueing System and the Multi-Functional Information Distribution System (MIDS) arrived in the Fleet and showed us the power of these new knowledge dominance technologies. And we began the conversion of the first of four Trident SSBNs into the SSGN conventional strike and SOF platform.

- *Sea Shield* helped extend our defense to the joint force. USS HIGGINS (DDG 76) provided early warning and tracking to help U.S. Army Patriot batteries defend Kuwait and southern Iraq from the threat of theater ballistic missiles. USS LAKE ERIE (CG 70) and USS RUSSELL (DDG 59) combined to acquire, track and hit a ballistic test target missile in space with an SM-3 developmental missile in support of the Ballistic Missile Defense program. Task Force ASW was formed to study improvements in ASW readiness, enhance our capability, and ensure access for joint forces moving from the sea to objectives inland. Task Force HIP POCKET demonstrated dramatically improved close-in defensive systems for surface ships in the near-littoral environment.

- *Sea Basing*. We awarded three preliminary design contracts for the Littoral Combat Ship (LCS), leading to the construction of the first LCS in FY05. We selected the baseline design for the DD (X) multi-mission destroyer, launched SAN ANTONIO (LPD 17) and VIRGINIA (SSN 774) and began fabrication of MAKIN ISLAND (LHD 8). The Defense Science Board study on Sea Basing, our Joint Forcible Entry study and the Maritime Pre-positioning Force (Future) Analysis of Alternatives now nearing completion are all beginning to provide the information needed to define future sea based expeditionary operations.

- *FORCEnet* initiatives this year helped us further integrate the power of warriors, sensors, weapons, and platforms into a networked combat force. We established a framework for architecture and standards and promulgated the FORCEnet campaign plan. We developed and installed CENTRIX and COWAN nets to enhance joint and coalition interoperability on all of our FY03 deploying ships, and we partnered with the US Army to develop a joint, ISR airborne replacement for the aging EP-3.

- *Sea Trial* is up and running with the Fleet in charge and is already providing us with valuable insights into future tactics and technology. CFFC published the Sea Trial Instruction & Experimentation Plan, which included the investigation of SSGN modular payloads in the Giant Shadow experiment. HSV X1 conducted operations this past year in support of mine warfare and special operations during OIF. HSV 2 SWIFT has been delivered and will be conducting experimentation in support of Sea Power 21 concept development.

- *Sea Enterprise*† is focusing headquarters leadership on outputs and execution and is creating ideas that will improve our productivity and reduce our overhead costs. The Sea Enterprise (SE) Board of Directors established an enterprise-wide approach to transformation,

validating $38B in savings across the FY04 future years defense plan and identifying $12B in new initiatives to help us recapitalize and transform the force. The CNO has conducted more than a dozen Echelon II reviews of key Echelon II commanders to examine products, processes and budgets, and attack overhead costs. Sea Enterprise principles are now taught in many of our executive, officer and senior enlisted training pipelines.

Quality of Service. The battle for people includes ensuring an environment where Sailors have confidence in themselves, in each other, in their equipment and weapons, and in the institution they have chosen to serve. This year, we continued the significant advances in compensation, in building the structure to realize the promise of the revolution in training, in transitioning to a secure interoperable network, and in strengthening the balance between safeguarding the environment and protecting national security.

- *Began the creation of an Integrated Learning Environment*. We developed the organizational structures needed to get the most from the Revolution in Training: Director of Naval Training and Education (N00T), Naval Education and Training Command (NETC), Human Performance Center (HPC), Naval Personnel Development Command (NPDC), Naval Service Training Command (NSTC), 14 Learning Centers and three Training Support Centers. We incorporated the Five-Vector Model and Central Management System into a pilot program for the AG, MS, and IT ratings to be the first to realize the benefits of a revolutionized personnel distribution system.

- *Improved bachelor housing*†. We are on track to achieve the 1+1 Bachelor Housing Standard by 2013 and to eliminate community heads in bachelor housing ashore by FY07. We also funded Homeport Ashore to get Sailors a BQ room off the ship by FY08.

- *Improved pay and compensation,* increasing active-duty service member pay by an average of 4.1 percent, with targeted pay raises up to 6.25 percent. We extended the increases in family separation pay and hostile fire and imminent danger pay through December 31st, 2004. We also increased BAH to reduce average out-of-pocket expenses and help Sailors buy a stake in America.

- *Established Task Force Uniform*, led by the MCPON, to assess the status and need for a cost effective and professional set of uniforms that recognize our naval heritage and prepare us for the future. Outdated sections of the Navy Uniform Regulations are under review and re-write. We will create an interactive Web-based version for online use. We have directed the pilot and testing of a working uniform for E-1 through O-10 and a year round service uniform for E-6 and below.

- *Created a mentoring culture*. We increased the availability of vital leadership references, including a Mentoring Handbook, through the Navy Knowledge Online website. Using multiple approaches, we took steps to ensure every Sailor has a mentor to maximize their talents and improve their contribution to combat excellence.

Alignment.† We launched numerous initiatives that keep the Fleet at the center of all we do, that allow us to communicate better, and that enable us to be more effective and more efficient.

- *Improved our alignment for joint warfare.*
  - o We joined with the Marine Corps to integrate USN-USMC logistics functions, capabilities, and processes, and we signed the Naval Operating Concept.
  - o We began implementation of the Navy-Marine Corps TACAIR integration plan.
  - o We defined the FORCEnet architecture with standard joint protocols, common data packaging, and strengthened security, redundancy, and alternate paths.

- *Enhanced our organizational and communications alignment.*
  - o The establishment of Commander, Navy Installations Command (CNI) successfully merged eight installation claimants into one, reducing infrastructure management layers and regionalizing services. ‡
  - o We capitalized on our existing Forward Deployed Naval Forces in Japan to create a standing ESG in the Far East.
  - o We have established 21 civilian workforce communities for more than 80 percent of our civilians as a first step in developing strategies for enhanced retention and career development.
  - o We fully implemented the Training Resource Strategy. ENTERPRISE CSG deployed combat-ready after completing the entire IDRC using TRS assets.
  - o We reorganized NAVSUP, including the establishment of the Naval Operational Logistics Support Center to consolidate transportation, ammunition and petroleum management.
  - o Realigned resources and billets to support CFFC's expanded mission. We added an additional 21 officer and 3 enlisted billets and identified a need for 42 additional civilian billets.
  - o NAVSEA executed multiple realignment efforts, to include the establishment of a Warfare Systems Engineering Directorate, Human Systems Integration Directorate, and a POM Integration Group.
  - o We updated the "Navy News Stand" (www.news.navy.mil) to better tell our story to the public.

II. Plotting our Track – Leadership Guidance for 2004

Our 2003 accomplishments are testament to the superb military and civilian leadership throughout our Navy. While we accomplished much, we did not reach all of our stretch goals. There are areas where this winning organization must get better.

For example, we must continue to focus on winning the war on terrorism. We must get a better handle on our manpower requirements, including the requirements for accession, training and placement of the total workforce of active duty, reserves, civilians and contractors. We must improve our use of modeling, develop and improve output metrics to better define our requirements and resource needs, and instill a culture of improved productivity in everything we do. †

At the top of our list is to ensure we are prepared to respond whenever the Commander-in-Chief sees a need for our military forces. Our task is to ensure that we give the President options. We created the Fleet Response Plan last year to maximize our operational availability

and create those options. Now, we must continue to examine and refine the Fleet Response Plan's training and maintenance cycles to make our availability the best it should be. Finally, we must get better at pushing the envelope of operational art in the development of future concepts of operation for our naval forces.

These are difficult tasks. They require sound leadership, an understanding of risks and costs, the willingness to challenge all of our notions, assumptions and equities, and most importantly, a commitment and desire to pursue continuous improvement in our institution.

Sea Power 21 defines the capabilities and processes the 21st Century Navy will deliver. The *Top 5* helps us focus our collective efforts on the right actions and objectives. The opportunity to **accelerate the advantages** that our joint, netted and sea-based force provides is within our reach. To meet that opportunity, we will define and deliver the right capabilities and processes – at the right costs – now, and in the future.

2004 Action Items

- ***Deliver the right readiness*** †
- ***Expedite Sea Warrior***
- ***Demonstrate our enhanced FRP surge capability*** †
- ***Improve productivity in everything we do*** †
- ***Streamline and align total manpower structure*** †
- ***Accelerate SP21 capabilities***

Guidance for Leaders:

Manpower. At the heart of everything good in our Navy today is this: we are winning the battle for people. That said, the battle for people is never won and we must continue to wage it every day.

While we recognize that people are our most treasured asset, manpower is never free. We must be committed to building a Navy that can maximize the capability of our people and minimize the total number on the payroll. Sailors have chosen the lifestyle of service to make a difference. Our ability to provide them meaningful, challenging work and the kind of job content that lets them make that difference is part of our covenant with them as leaders. It enhances their growth and development, improves their productivity and eliminates unnecessary billets. As our Navy becomes more high tech, our work force will get smaller and smarter. We will spend whatever it takes to equip and enable our Sailors, but we do not want to spend one extra penny for manpower we do not need.

We will build on the momentum of the last three record-breaking years. We will refine the requirements for our sea and shore structure, and deliver more tools and incentives needed to ensure we are fighting for the right talent, and commit fully to integrating our active, reserve, military and civilian workforce. We will ensure that every Sailor has the opportunity and resources to successfully compete. Our goal remains attracting, developing, and retaining the more highly skilled and educated workforce of warriors that will lead the 21st Century Navy.

- **Continue the fight for talent.** We must recruit and retain the talent required to possess the kind of high tech Navy we see in our future. Our people come to the Navy, both military and civilian, to serve this nation. The task of leaders at every level is to establish a growth and development environment where our people can and will prosper. We will seek to achieve the following recruiting, retention, and attrition goals for FY04:

  o Develop a human resource strategy and force shaping plan to support the Sea Power 21 Navy. (CNP) †

  o Establish reenlistment goals for 2004 of 56% (Zone A), 70% (Zone B), and 85% (Zone C). (All)

  o Reduce attrition by 10% from FY03 levels. (All)

  o Attain percentage of recruits with High School Graduate diplomas at 95% and develop accession metrics that will improve predictability of a prospective recruit's ability to succeed in the Navy. (CNP, CNRC)

  o Increase percentage of new recruits with college experience by 20% over FY03. (CNP, CNRC)

  o Raise the percentage of Test Score Category I-IIIA recruits (those recruits in the top 50th percentile of those taking the AFQT) accessing to RTC in FY04 to 67%. (CNP)

  o Support and execute the diversity strategic framework. (CNP) †
    - Realign and improve the Diversity organization. †
    - Develop a senior management diversity forum to monitor, guide and support the implementation of the strategic diversity effort. †
    - Increase females in enlisted technical ratings by 2% annually.

  o Establish TFMMS as the authorized manpower baseline for both civilian and military personnel. (CNP)

  o Implement the National Security Personnel System (NSPS) in the Department of the Navy. (CNP) †

- **Sea Warrior. Deliver the right skills to the right place at the right time.**

  o Establish Task Force WARRIOR, led by a flag officer, to rapidly integrate the manpower, personnel and training systems that will deliver Sea Warrior to the fleet. FY04 Sea Warrior milestones will include the following: (CNP)
    - Introduction of web-based, five-vector model (5VM) visibility and career management detailing system (CMS) for all enlisted Sailors in the Navy. (TF Warrior)

- Development of incentive strategies that foster competition and professional development. (CNP)
- Development of a TFMMS replacement system that provides position management capability for enlisted Sailors and facilitates future Sailor-to-position distribution. (CNP)

o Eliminate all sea duty billet gaps and increase by 25% the number of ideally manned (95-105% manned) ratings at sea. (CNP)

o Conduct an analysis of the individual's account funding and execution and identify solutions to balance the account by PR-07. (CNP)

o Apply lessons learned from Optimal Manning experiments. Identify the technical support and technology enablers that support development of a strategy for implementation throughout the force. (CFFC lead, TYCOMs, SYSCOMs)

o Establish Navy Distance Support processes through the effective use of eBusiness and collaboration tools to improve Fleet readiness. (SYSCOMs)

o Establish a Board for Civilian Recruiting and Education to study, assess and report on the following by Mar 04: (CNP)
- Civilian educational and recruiting requirements in today's security environment
- Recommended initiatives to accelerate civilian recruiting and address civilian education.

- **Improve the growth and development of our personnel.**

  o Examine the potential improvements to language proficiency within the Navy.
  - Study the options and impact of mandatory language training at USNA/ROTC. Report findings by May 04. (USNA, CNETC)
  - Develop proposals to maintain language skills including options to periodically test language proficiency by Aug 04. (CNETC)

  o Identify the technology and process investments to reduce our manpower-intensive functions at sea and ashore. At a minimum, develop options in the following areas by Sep 04 (CFFC lead (Sea), CNI lead (Shore), TYCOMs, SYSCOMs, appr OPNAV N-Codes):
  - UNREP process and gear
  - Navigation
  - Deep preservation
  - Ordnance loading
  - Food preparation
  - NCTAMS/NOC operations
  - Material receipt and issue
  - Inventory control
  - Postal operations
  - AIMD/ASD operations

- Intelligence and targeting

o We need to improve our ability to conduct performance appraisal and counseling. Building on 2003 Guidance and progress to date, issue a Navy-wide, web-based counseling and professional development tool for use by all Navy leaders. It will include the ability to map progress toward skill based and educational goals, to include professional and college level objectives. (CNP)

o Aggressively detail officers to Joint Specialty Officer (JSO) requirements, and conduct more detailed tracking at the O-4 through O-6 levels. (CNP)

o Develop a continuum of business learning strategy for officers, senior enlisted and DoN civilians. Forward proposals not later than Jun 04. (CNETC lead, CNP, OPNAV N4)

Current Readiness. We live in uncertain times. The nation needs a Navy that can provide homeland defense and be both forward *and* ready to surge forward with overwhelming and decisive combat power. It is our duty to ensure that the Navy the nation has paid for is truly ready to accomplish these missions. As leaders, we must create readiness from the resources given to us and recognize that readiness at any cost is not acceptable.

To sustain the right kind of readiness for our FRP requirements, we must understand and adapt our training and warfare doctrine, and seek greater integration with joint forces. We must refine our training, maintenance, and interdeployment readiness processes to increase our operational availability. But most of all, we must continue to exert leadership at every level to deliver the right readiness and ensure this tremendous force remains a decisive force that *will* be prepared to fight and win, both now and in the future.

Guidance for Leaders:

- **Win the Global War on Terrorism.**

  o Fully develop and analyze OEF and OIF lessons learned. Report corrective actions by Mar 04. Include recommendations for doctrinal solutions to joint Combat ID and joint Command & Control problems. (CFFC)

  o Integrate additional allied/coalition navies into deploying CSG, ESG, or SAG deployments, building upon Canadian and Argentine models. Expand the opportunity for additional deployments with U.S. groups by Dec 04. (CFFC, CPF)

  o Assess feasibility and requirements to secure allied participation in sea-based missile defense missions. (OPNAV N6/7 lead, N3/5, CFFC, CNE, CPF)

  o Determine training and procurement requirements for implementing the President's Proliferation Security Initiative and provide resource recommendations for POM 06 by Mar 04. (CFFC lead w/ OPNAV N3/5, N6/7)

- o Study and recommend improvements in our ability to detect, protect against, and respond to lethal and non-lethal chemical and biological agents by Sep 04. Include specific recommendations for both afloat units and shore installations. (SG lead, OPNAV N6/7)
- **Improve our readiness to respond with decisive power.**

  - o Conduct a zero-based review of the Interdeployment Readiness Cycle and report findings by Apr 04. <mark>Implement the principle of progressive readiness</mark>. † Challenge the assumptions of each phase as well as range requirements. Include options for expanding simulation and for achieving Composite Training and Joint Task Force exercise equivalencies in selected Joint National Training Capability, overseas, joint, and/or service Theater Security Cooperation exercises. (CFFC)

  - o Establish Task Force SIM to study alternative acquisition strategies and use of simulation and simulators to enhance training and efficiency and replace outdated training systems. Report initial findings not later than Jul 04. Include the following options at a minimum (CFFC lead, TYCOMs, OPNAV N6/7):
    - Strike group training
    - Multi-platform, mission-linked tactical flight training
    - Integrated Bridge and CIC training
    - Shipboard engineering and damage control
    - Nuclear prototype training (NAVSEA-08)
    - Technical Training Equipment (TTE) (CNETC)

  - o Develop a Fleet Aviation Simulator Trainers (FAST) plan that maximizes the utility of simulator effectiveness. Update trainer contribution to Training & Readiness matrices and analyze the resulting efficiencies for the Flying Hour Program following FAST introduction in Jun 04. Initial Progress Report by Jul 04. (CFFC lead w/ COMNAVAIRFOR, NAVAIR)

  - o <mark>Establish a linkage between Base Operating Support Service Levels and Required Operational Capabilities. Report not later than Jun 04. (CNI)</mark> ‡

  - o Develop concepts and plans for integrating the Fleet Response Plan and the Flexible Deployment Concept with existing and emergent strategic and operational guidance, including the Joint Presence Policy, Security Cooperation Guidance and other planning documents. (CFFC lead w/ OPNAV N3/5)

  - o Develop proposals for a multi-CSG surge demonstration to be conducted in 2004. Initial report by Feb 04. (CFFC)

  - o Align the manning of Fleet, Numbered Fleet, Type Commander and training battle staffs to increase efficiency and better support contingency operations, ad hoc headquarters, and the Fleet Response Plan. (CFFC)
    - Determine the need for an expeditionary, globally deployable Navy CFMCC capability and report by Dec 04.

- Evaluate options to enhance our participation in CFACC and standing CAOC organizations by Sep 04.

o To continue on the correct glide slope to meet the DoD goal of a 50% class "A" mishap reduction by the end of FY05, reduce class "A" mishaps by 25% in FY04. (All Fleets)

o Fully develop the Lessons Learned package to accompany return of ESG One from pilot deployment. Brief not later than 45 days after deployment. (CFFC lead, CPF)

o Continue development of options for the optimal Expeditionary Strike Group command and control structure as well as supporting C4I system upgrades and installations on ESG platforms and report NLT Jun 04. (CFFC)

o Develop a performance measurement system within the Integrated Readiness Capabilities Assessment (IRCA) process to equate funding inputs to expected levels of readiness outputs. Report by Jul 2004. (OPNAV N4) †

o Develop a Navy-wide standard measurement system for Regional, Depot, and Intermediate Maintenance Activities to ensure processes and performance levels achieve the expected results in productivity, cycle time, efficiency, first-time quality and skill proficiency. (OPNAV N4)

o Establish a Navy Maintenance Oversight Board (NMOB) to quarterly report impact of ship maintenance and the repair/new construction industrial base to support the Fleet Response Plan. (NAVSEA lead, CFFC, OPNAV N4)

o Implement the improved planning process and metrics for ship maintenance developed by the SHIPMAIN team by Jul 04. (CFFC)

o Transition all naval shipyards to mission funding in POM 06. (OPNAV N4) †

o Improve transparency of OCONUS logistics support. (NAVSUP lead, OPNAV N4) †

- **Provide homeland security and force protection.**

o Develop global maritime awareness to reduce port vulnerability in partnership with the US Coast Guard, to ensure timely dissemination of actionable intelligence, and to assist in littoral identification of potential surface threats and MIO/LIO suspects. (CFFC lead)
  - Define the Navy and Naval Intelligence roles in global merchant ship tracking in relation to Navy homeland security/defense missions. Report proposed options by Apr 04. (DNI)
  - Identify, in conjunction with the USCG, the technologies required for global surface vessel tracking and identification and report by May 04. (OPNAV N3/5, N2)

- - Review attaché manning and Foreign Area Officer program. Recommend options to optimize Navy country and cultural expertise, and to revitalize Navy HUMINT efforts. Report not later than Jun 04. (OPNAV N2, N3/5)
  - Present options by Aug 04 to inject technology and reduce the long-term cost and manning of ashore AT/FP. Consider increased efficiencies obtained through risk rationalization. (CFFC lead, OPNAV N3/5, N4, CNI, All Fleets) ‡

  - Partner with USMC to determine requirements for USMC support of USN assets. Include analysis of alternatives for Marine detachments aboard ship for AT/FP and MIO. Report findings not later than Jun 04. (OPNAV N3/5)

  - Conduct a global review of ATFP to ensure we are balanced in our approach, have set standards which are both consistent and clear, possess required command and control, and have properly resourced the manpower and technology requirements for both now and the future. Report by Jul 04. (CFFC lead, OPNAV N3/5, N6/7) †

Future Readiness. The tremendous improvements made in the battle for people, quality of service, current readiness, and alignment allow us to focus much more intently on the future - and future readiness. If we are to extend our current advantage, we must capitalize on revolutions in information, stealth and precision technologies and develop new warfare concepts that will lead us not just to improved jointness, but true interdependence. Sea Power 21 is our roadmap. This year, we will pursue distributed and networked solutions that could revolutionize our capability. We will focus on the power of Sea Basing and our complementary capability and alignment with the Marine Corps. We will exploit investments made in joint research and development wherever possible. We will enhance our capabilities investments and become a leader in defense modeling and analysis. Finally, we will continue to improve our position for the future by increasing new ship and aircraft procurement in 2004.

Guidance for Leaders:

- **Sea Power 21**

  - Improve the effectiveness and efficiency of our platforms and operations.
    - Conduct a zero-based review of aircraft productive ratios. Assess expected accident rates, anticipated combat attrition, and spares policies to improve operational availability and determine inventory for all current and planned aviation acquisitions. Report results and options not later than Jul 04. (CFFC lead w/ NAVAIR, COMNAVAIRFOR)
    - Building on lessons learned from Navy-USMC TACAIR Integration, develop a concept of operations for naval airpower that leverages our partnership with the USMC and reduces the total number of type/model/series of aircraft. (CFFC lead, OPNAV N6/7)
    - Develop a plan to incorporate open architecture into all new construction ships and retrofit into current ships as appropriate. (OPNAV N6/7)
    - In light of current weather forecasting capability and modern stability designs (CFFC),

- Conduct a zero-based review of surface ship operational fuel reserve policy. Report recommendations not later than May 04.
- Conduct a zero-based review of CLF requirements. Report recommendations not later than May 04.
  - Incorporate fuel efficiency into acquisition and modernization plans. (SYSCOMs)
  - Develop and experiment with alternative propulsion and power generation systems for all naval applications. (NAVSEA)

- o Establish OPNAV as the leader in defense modeling and analysis. Conduct a zero-based review of common database requirements for naval and joint operations modeling, analysis, and accomplishments. Report results not later than May 04. (DNS)

- o Study the need for and brief options for mid-term modernization plan for all surface ships. Report not later than May 04. (OPNAV N6/7)

- **Sea Strike**

  - o Partner with the Marine Corps to identify and develop enablers to achieve Ship-to-Objective Maneuver (STOM). Produce a concept of operations for both ashore and afloat forces. Recommend key metrics required to increase reach, enhance mobility, improve connectivity, and reduce overall footprint and daily sustainment ashore. (OPNAV N6/7 lead, N3/5, ONR)

  - o Initiate efforts to develop an all-Service advanced weapons roadmap for fixed, re-locatable and mobile target sets. (OPNAV N6/7)

  - o Present plans for providing enhanced tactical support to SOF in our Navy capability pillars (to include training, equipment and tactics, techniques and procedures). (OPNAV N6/7)

  - o Partner with USSOCOM to identify and develop enablers to improve capabilities to conduct and support maritime and other special operations. Produce a concept of operations for special operations in the littoral. Recommend key metrics required to increase tactical effectiveness, improve connectivity and information exchange and increase responsiveness to emergent tasking. (CFFC lead, SPECWARCOM)

- **Sea Shield**

  - o Coordinate with the MDA to deploy an Initial Defensive Operations (IDO) ballistic missile defense capability by the end of 2004. (OPNAV N6/7 lead, CFFC, CPF)

  - o Develop an integrated, Navy-wide ASW strategy, concept of operations and master plan for investment. (CFFC w/ CPF)

  - o Develop an integrated SUW requirements roadmap. (CFFC w/ CPF)

o Continue to refine and upgrade the Mine Warfare Roadmap to expedite the fielding of new technologies and capabilities into the fleet. (CFFC lead, OPNAV N6/7)

- **Sea Basing**

  o Propose optimal ship mix for future ESG and MPF(F) squadrons by Jul 04. (OPNAV N6/7)

  o Develop an overarching sea base concept of operations. Consider the following: (OPNAV N6/7 lead, CFFC)
      - 2015 MEB
      - MEB-size force closure
      - High-speed sealift
      - MPF(F) AoA results
      - Aviation capacity
      - Surface connectors
      - Force architecture
      - Logistics
      - Trades and timelines

- **FORCEnet**

  o Define the naval C^4 capability required to achieve the joint standards for the common operational and tactical picture within the joint theater architecture. (OPNAV N6/7 lead, CFFC, NNWC)

  o As part of Task Force ISR, develop a plan for increased use of unmanned systems for tactical ISR. Leverage extant UAV/UUV systems residing in other DoD components for maintenance, training, and support. (OPNAV N6/7)

  o Define baseline architecture and open standards required for the use of secure web, email, chat, and collaboration in an ad hoc coalition. Capitalize on our experience with the Coalition-Wide Area Network (COWAN) and NATO-like systems. (NNWC lead, OPNAV N6/7, CFFC, All Fleets, SPAWAR)

  o Fully implement NMCI throughout the Navy and investigate enterprise-wide solutions that will exploit the power of the web and improve our productivity and return on investment. (NAVY CIO (OPNAV N6F) lead, Director NMCI) †

- **Sea Trial**

  o Accelerate prototyping and experimentation of autonomous and semi-autonomous naval unmanned vehicles. (CFFC lead, NWDC, OPNAV N6/7, N8)

- o Incorporate SOF/Strike C^2 integration in support of improved time critical strike and the development of lighter, more lethal expeditionary forces into our fleet/joint experimentation plan. (CFFC lead, NWDC, OPNAV N3/5)

- o Formalize the concept of operations (CONOPs) for SSGN. (CFFC lead, NWDC, CSF)

- o Integrate Navy Sea Trial concept development, experimentation and wargaming with Joint Concept Development and Experimentation efforts. (CFFC lead, NWDC)

- o Refine the concept of operations for Missile Defense Surface Action Groups (SAGs). (CFFC lead, NWDC)

- o Develop a plan to conduct accelerated ASW experimentation of both improvements to existing systems and promising new technologies with a focus on distributed and off-board systems. (CFFC)

- o Develop proposals to use HSV-2 and X-Craft in future concept development and experimentation by May 04. (CFFC)

- o Streamline our testing and evaluation (T&E) processes through a collaborative effort among Navy, OSD, and contractor entities, using modeling and simulation where appropriate, with the goal of reducing the cost of T&E by 20 percent. (OPTEVFOR lead, OPNAV N6/7, N4, SYSCOMs)

- o Report to CFFC quarterly on the promising Science & Technology and Research, Development, Testing & Evaluation (RDT&E) developments for Sea Trial. (ONR)

Quality of Service. Our Sailors are *the* capital asset that makes our Navy great. If we are to give full meaning to their service and, by extension, give full range to their talents, we must constantly strive to improve the quality of their work and the quality of their lives. We will fund technologies that reduce our manpower costs and make us leaner. We must ensure that every billet enhances combat readiness and that every job makes maximum use of the technology and tools available. We will strengthen our partnership with Navy families. We must deliver the training and education that deepens their contribution to the Navy and the nation, and that their life of service is honorable and rewarding.

Guidance for Leaders:

- **Speed the Sea Warrior revolution in training.**

  - o Achieve Initial Operating Capability of the Integrated Learning Environment (ILE) by Dec 04. (CNETC)

  - o Further embed the Human Performance Systems Model into every Navy acquisition and R&D program. (SYSCOMs lead, CNP, CNETC, OPNAV N6/7, N4)

- Develop and implement an individual Training and Education (T&E) business model that accurately tracks the cost of training and education efforts by Jun 04. Include establishment of performance metrics and models linking T&E program costs to fleet readiness. (CNETC)

- Increase opportunities for JPME completion by delivering an accredited maritime-focused JPME Phase I course for URL officers, incorporating JPME Phase I into Naval Postgraduate School curriculum, and increasing both quotas and fill rates for Naval War College. (CNETC, CNP)

- Establish an enlisted and officer Navy Professional Military Education continuum as a critical element for career progression and provide opportunities for completion of the requirements through a variety of delivery options. (CNETC, CNP)

- **Continue to invest in our Sailors**

  - Pilot the initiatives generated by Task Force UNIFORM. Analyze and report the results by Dec 04. (TF UNIFORM, MCPON)

  - Implement "Navy One Source" customer service to provide expert help for Sailors and their families on service and community topics. (CNP) †

  - Continue program to eliminate all inadequate housing by FY07 through privatization, military construction, or divestiture. (OPNAV N4) †

  - Continue progress to achieve the following long-range goals for bachelor housing (OPNAV N4): †
    - Eliminate community heads in bachelor housing by FY07.
    - Complete Homeport Ashore initiative by FY08.
    - Accomplish 1+1 room standards by FY13.
    - Conduct cost/benefit analysis on privatizing bachelor housing. Report findings not later than May 04.

  - Reduce excess facility inventory. Increase focus on demolition and reduction of vacant facilities, footprint reduction through consolidation, and long-term reduction of associated operations and sustainment costs. (CNI lead, OPNAV N4) ‡

  - Conduct zero based review of components of the Facility Investment Model during CY04; incorporate special factors for historic facilities, flagship institutions, and strategic weapons and high security facilities. (CNI) ‡

  - Develop quantifiable metrics that can document the effects of urban sprawl, increasing environmental regulation, and litigation on Navy readiness. (OPNAV N4 lead, CFFC, CNI) ‡

- All IT capable commands transition mishap reporting to the Naval Safety Center's Web Enabled Safety System by MAR 04 at www.simsweb.safetycenter.navy.mil. (All Commands, NAVSAFECEN).

- Reduce illegal drug usage Navy-wide by 25% in 2004. (All)

- Improve and standardize Drug Abuse Reporting Navy wide. (CNP)

- Establish a clear and standard reporting requirement for Domestic Violence Incidents by Mar 04. (CNP)

- Improve Navy partnership with local schools in an effort to improve the performance of our family members in schools and reduce the impact of PCS moves on our children. (Regional Commanders lead, all Commands) †

Alignment. Our goal is to enhance our mission accomplishment and deliver a combat-credible Navy now and in the future. That means focusing warfighting commanders on warfighting and improving our joint partnerships. It means development of a requirements process that recognizes the power of joint solutions and integration. It demands enterprise-wide approaches and innovation to achieve greater effectiveness and efficiency in afloat and ashore operations, readiness and infrastructure. At its most fundamental level, alignment ensures that we share a common understanding of the mission and objectives, and that we speak one message with many voices across the entire organization. We will continue to pursue organizational and operational alignment to ensure that our Navy is consistent and credible.

Guidance for Leaders:

- **Continue Fleet and organizational alignment.**

  - Develop a Fleet requirements generation process with CFFC as the lead fleet integrator by Jul 04. (CFFC)

  - Complete alignment of Fleet Forces Command with the warfighting Fleet Commanders by Oct 04. (CFFC, All Fleets)

  - Report the potential improvements to achieve two-way integration of our Active/Reserve Component, streamline Reserve headquarters and increase reserve access to active platforms and equipment by Jun 04. (CNR in coordination with CFFC)

  - Consolidate the Fleet Technical Support Centers and repair SUPSHIPs within the Regional Maintenance Centers (RMC) under Fleet claimancy and oversight. (CFFC)

  - Continue MSC organizational transformation by integrating MSC Area Commands into Fleet headquarters. (MSC, CFFC)

  - Examine and make recommendations for alignment and consolidation of the authorities, functions and resource responsibilities for Fleet N6 staffs under NNWC for the following

global functions: network operations, C^4 requirements, execution year installation coordination, and NMCI operations. (NNWC lead, All Fleets)

o   Implement the Navy-Marine Corps TACAIR Integration Plan. (CFFC)

o   Continue NAVRIIP and Airspeed implementation across Navy and Marine Corps Aviation. (COMNAVAIRFOR, NAVAIR)

o   Ensure CONUS-based Numbered Fleets have the capability and skills to function as employable SJTFs. (CFFC)

o   Examine the organizational options for technical authority and oversight of maintenance and tech support activities. Report requirements, constraints, costs and feasibility by Jun 04. (SYSCOMs lead, TYCOMs)

o   Align ONR Future Naval Capabilities/Enabling Capabilities research to fully support priorities in Expeditionary Logistics. Examine the spectrum from factory to foxhole. Prioritize S&T investment to provide enabling and long-term capabilities for the Joint Sea Base. (ONR)

o   Transform our installations in support of Sea Power 21. Develop a 25-year installation master plan capable of supporting Sea Power 21, Sea Enterprise, Sea Swap, Integrated Global Presence and Basing Strategy and the Fleet Response Plan. Leverage joint and allied infrastructure and facilities where appropriate. (CNI) ‡

o   Establish the Navy policy imperatives that will guide BRAC planning by March 04; identify the required Sea Power 21, Sea Enterprise, Integrated Global Presence and Basing Strategy and Fleet Response Plan enablers. (OPNAV N4) †

- **Better align for joint warfare.**

o   Conduct a study to identify those ratings for which opportunities exist to merge ship-relevant training between USN/USCG/USA and commercial activities. Report findings by Jun 04. (CNETC lead, OPNAV N6/7, CFFC)

o   Conduct a study to identify those ratings for which opportunities exist to merge aviation relevant training between USN/USCG/USAF/USMC/USA and commercial activities. Report finding by Jun 04. (CNETC lead, OPNAV N6/7, CFFC)

o   Continue aviation flight training joint integration efforts. (CNETC lead, CFFC, COMNAVAIRFOR, OPNAV N6/7)

o   Stand up QDR organization by Mar 04. (VCNO)

o Continue to improve our joint development and acquisition opportunities. Provide five proposals by Mar 04 that leverage other service programs to reduce system development costs and increase joint interoperability/integration (SYSCOMs)

o Develop and assess alternative OPNAV staff structures to ensure enhanced engagement in the capabilities-based planning process at appropriate levels with OSD and the Joint Staff. Consider alignments that account for the Joint Capability and Integrations Development System (JCIDS), Functional Capability Boards, ongoing Operational Availability studies, the Enhanced Planning Process and development of OSD's Analytic Agenda. (DNS)

- **Develop a culture of improved productivity and find the resources to create the Navy of the future through Sea Enterprise.**

  o Apply the following Sea Enterprise principles (All **Echelon II** Commands): ‡
    - Leverage technology to improve performance and minimize manpower costs
    - Promote competition and reward innovation and efficiency
    - Challenge institutional encumbrances that impede creativity and boldness in innovation
    - Aggressively divest non-core, under-performing or unnecessary products, services and production capacity
    - Merge repetitive, redundant, or superfluous efforts
    - Minimize acquisition and life-cycle costs
    - Maximize in-service capital equipment utilization
    - Challenge every assumption, cost and requirement

  o Apply findings and recommendations from formal CNO Sea Enterprise visits by Apr 04. † Set and achieve a cost reduction objective of three to five percent annually depending on Sea Enterprise BOD guidance, circumstances and savings generated to date. Establish and brief the implementation organizations and mechanisms during all subsequent Echelon II visits. (All Echelon II Commands)

  o Track and harvest Sea Enterprise generated savings and align them to Sea Power 21 capability investment accounts. (OPNAV N8)

  o Establish a metrics program to track the accomplishment of Sea Enterprise objectives and initiatives and validate savings. (OPNAV N4)

  o Establish a cost effective means to share best practices and assist Echelon II commands in the achievement of Sea Enterprise objectives. (OPNAV N4) †

  o Integrate the Marine Corps into appropriate Sea Enterprise process methodologies and structures. (SEBOD)

- Improve Level-of-Effort program metrics and costing. Develop the analytical tools and metrics to effectively transition the analysis that supports these programs to models where possible. (OPNAV N4) †

- Conduct cost-benefit analysis of the virtual SYSCOM concept. Include analysis of real savings and manpower reductions. Report initial findings by April 04. (NAVSEA)

- Conduct a study on potential opportunities to partner with other services on SYSCOM functions. Report findings not later than May 04. (SYSCOMs)

- Draft legislation for establishment of an Enterprise Fund (Venture Capital Fund) for unfettered investment in promising new technologies. (OPNAV N4 lead, OLA)

- Develop a plan to introduce activity-based costing for fleet training by Oct 04. Determine methodology to link training and readiness to investment requirements along with commander incentive concepts. (CFFC)

- Conduct a zero-based review of NETWARCOM global manpower requirements. (CNP lead, NNWC)

- Revitalize the Beneficial Suggestions (BENNYSUGG) program. (NAVSUP)

- **Continue to Improve Our Communications Alignment.**

  - Promulgate the strategic communications plan. (CHINFO)

Leadership/management follow-up: To assist me in tracking the progress of these efforts, all executive agents listed below are to provide updated status reports on each assigned task to the Director, Navy Staff by the final business day of each quarter.

III. Steering the Course – On Leadership

The U.S. Navy has an unmatched history of success. While we must be informed by, and take endless pride in that history, we cannot consider all of our past practices to be the key to our future. Our greatest legacy after all is our legacy for innovation. From nuclear power to the then unlikely prospect of flying aircraft from ships, our willingness to improve our position, to adopt transformational technologies, and to develop new operating concepts is at the very core of our combat success. To continue our legacy is to continue to reevaluate our position and to challenge all of our assumptions. We will adapt to the changing world around us by getting out in front of it, by leading change, and embracing the innovations and improvements needed to guarantee our future success.

We are a winning organization. We have instituted and paid for a great many improvements over the past three years, and you have embraced them and made them better. Because of you, talented American warriors are bringing combat power to bear on the enemies of our country, wherever they may be hiding. We are winning the battle for people in a

marketplace full of opportunity. And, we are winning the fight to remake our great institution, to innovate and improve for the dangerous decades ahead.

Our strategic objectives are straightforward. For us, winning the Global War on Terrorism is our number one objective. Victory is the only acceptable outcome and through our collective efforts, it will be achieved.

We will deliver enhanced warfighting capability to the joint force, using the extended reach of naval weapons and sensors to reach farther and more precisely with striking power, to deliver broader defensive protection for joint forces ashore and to leverage our command of the largest maneuver space on earth: the sea.

We will continue to improve upon the operational availability of fleet units, providing forward deployed forces for enhanced regional deterrence and contingency response, while at the same time, retaining the ability to rapidly surge decisive joint combat power in times of crisis. We are creating a culture of readiness. However, readiness at any cost is not acceptable. We do not live in a risk free world. Our leaders will assess risk and determine how to create a balance between risk to mission accomplishment and excessive readiness costs.

We will understand and attack costs at every level of our Navy. We will seek innovative means to improve productivity, leverage joint solutions and achieve the improvements necessary to ensure both our combat readiness and our capability now, and in the future.

We will create an environment that attracts, retains and relies upon bold, creative, effective and competitive people. We will foster a culture that cherishes these attributes and rewards them accordingly. We will invest in the tools, the information technology and the training that delivers more meaningful job content to them because it is they who offer us our greatest advantage. It is they who will continue to generate our legacy for years to come.

The business of the Navy is combat. Our obligation to succeed in combat stretches beyond the here and now, we must help guarantee combat success to the Navy of the future. That's why the decisions we all make on a day-to-day basis are so important. I could not be more pleased with your effort and your accomplishments this past year. You have taken aboard the idea that warfighting effectiveness and resourcefulness is the key to mission accomplishment and have produced the finest Navy the nation has ever seen. It is our job as leaders to **accelerate the advantages** we bring this nation over the coming year.

Strategic Objectives

- ***Win the Global War on Terrorism***
- ***Improve readiness for global response***
- ***Integrate Sea Strike, Sea Shield, and Sea Basing into the Joint Force***
- ***Capture Sea Enterprise improvements to build a 375-ship Navy***
- ***Develop the 21st century warrior force***

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† CNI Indirect Involvement
‡ CNI Action Items